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UNCLAS SECTION 01 OF 04 SEOUL 001539

SIPDIS

E.O. 12958: N/A

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SUBJECT: SEOUL - PRESS BULLETIN; September 25, 2009

TOP HEADLINES

Chosun Ilbo, All TVs
Leaders Pledge Closer ROK-Japan Ties; Hatoyama Says
Tokyo has Courage to Face up to History

JoongAng Ilbo
With Coffers Overflowing with Dollars, China Invested \$60.9 Billion
in First Half Alone to Secure Overseas Energy Resources

Dong-a Ilbo
Seoul National University Promotes Only 38 Percent of Candidates to
Full Professor

Hankook Ilbo, Hankyoreh Shinmun, Segye Ilbo,
Seoul Shinmun
Court: Nighttime Rally Ban Is Incompatible with Constitution

DOMESTIC DEVELOPMENTS

Chinese President Hu Jintao, during a Sept. 23 summit in New York
with President Lee Myung-bak, said that North Korea sees bilateral
talks with the U.S. as a requirement and multilateral talks as an
option. (JoongAng)

The leaders of the ROK, China and Japan will meet in Beijing on Oct.
10 to discuss ways to resolve the North Korean nuclear issue. (All)

Deputy Secretary of State James Steinberg will visit five Asian
countries from Sept. 25-Oct. 1, including the ROK, China and Japan.
He will visit Seoul from Sept. 29-30, accompanied by Sung Kim,
Special Envoy for the Six-Party Talks and other White House and
Defense Department officials. (Chosun, Hankook)

According to the Korea International Trade Association, 91.8 percent
of the U.S. stakeholders surveyed said that they support the KORUS
FTA. (Hankook)

INTERNATIONAL NEWS

The U.N. Security Council yesterday unanimously adopted "Resolution 1887" that "empowers" nuclear technology suppliers to require the return of nuclear material and equipment from recipient states that diverted it for military purposes. The resolution makes no direct reference to Iran and North Korea, but targets the two countries. (All)

MEDIA ANALYSIS

-N. Korea

All ROK media gave front-and inside-page play to yesterday's unanimous adoption by the UN Security Council of "Resolution 1887" and noted that the resolution "empowers" nuclear technology suppliers to "require the return of" nuclear equipment and materials from recipient states that have diverted it for military purposes. The ROK media cited foreign media analyses that the resolution makes no direct reference to Iran and North Korea but targets the two countries.

Right-of-center JoongAng Ilbo quoted President Obama, who chaired the United Nations Security Council session, as asserting: "(The resolution) calls on all states to freeze any financial assets that are being used for proliferation. And it calls for stronger safeguards to reduce the likelihood that peaceful nuclear weapons

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programs can be diverted to a weapons program." JoongAng's inside-page headline read: "Obama, who Seeks World without Nuclear Weapons, Sends Strong Warning to N. Korea and Iran."

JoongAng Ilbo also noted a Sept. 23 ROK-China summit held on the sidelines of the UN gatherings in New York, quoting an ROKG official as saying: "Chinese President Hu Jintao told ROK President Lee Myung-bak that North Korea sees bilateral talks with the U.S. as a requirement and multilateral talks as an option." The Chinese leader was further quoted: "North Korea may return to the Six-Party Talks, but the nuance, in fact, was that it is unlikely."

Controversy over President Lee's "Grand Bargain" Proposal on N. Korea's Nuclear Issue

In a commentary, JoongAng Ilbo argued: "The February 13 Agreement failed not because it was a step-by-step approach but because it carelessly handled the sensitive issue of verification at a stage between North Korea's nuclear disablement and nuclear dismantlement.

If President Lee's 'grand bargain' is to mark a decisive milestone in denuclearizing the Korean Peninsula, the U.S. and the ROK should learn a lesson from their failure in implementing the February 13 Agreement and come up with a compromise between the U.S.'s 'package deal' and the ROK's 'grand bargain.' The ROK should also make every effort to persuade the North (to abandon its nuclear ambitions) while restoring inter-Korean relations and giving the North what it is supposed to receive. It is a narrow-minded, impractical political action for Seoul to offer (only) a series of half-baked proposals just in order to take the leadership in resolving the nuclear issue. What matters is denuclearization, not who takes the leadership."

Moderate Hankook Ilbo editorialized: "Given its pathological distrust and suspicion of international society, North Korea will not agree to dismantle its nuclear program before receiving comprehensive compensation. The 'grand bargain,' which calls for the North's denuclearization while at the same offering comprehensive aid, will be more useful in bringing North Korea back to the negotiating table. However, the 'grand bargain' would end up being merely empty rhetoric unless the Six-Party countries dispel mutual distrust and reconcile different interests among themselves. The ROKG has a long way to go to take a leading role in resolving the North Korean nuclear issue."

-G20 Summit

Most media reported on today's opening of the G20 leaders' summit in

Pittsburgh. Right-of-center JoongAng Ilbo wrote in the headline: "Main Agenda Item is Exit Strategy from Stimulus Measures, But G20 Engage in War of Nerves over 'Side Menus'" The article's sub-heads read: "China Suggests Multinational Sovereign Fund;" "Latin America Calls for Increase in IMF Quotas to Emerging Markets and Developing Countries;" and "U.S., U.K. Call to Ease Trade Imbalance."

OPINIONS/EDITORIALS

WAYS FOR PRESIDENT LEE'S "GRAND BARGAIN" PROPOSAL TO SURVIVE
(JoongAng Ilbo, September 25, 2009, Page 47; Excerpts)

By Senior Journalist Kim Young-hie

The North Korean nuclear issue is suddenly moving away from the phase of sanctions and confrontation to the phase of dialogue and negotiations. This is the time when the ROK-U.S. cooperation should be watertight. Therefore, officials of the two nations have made frequent visits to each other's nation. At this critical moment, we believed that there was not a single problem in ROK-U.S. cooperation. But what is all this about? The USG is sneering at and disregarding the ambitious proposal that President Lee Myung-bak put forward in New York to resolve the North Korean nuclear issue. Unless the Obama Administration intentionally did so with hidden intentions, it means that the ROKG's foreign policy and security

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officials have been negligent in having prior consultations with Washington.

President Lee's proposal marks a meaningful shift in North Korea policy. His statement that North Korea's economic growth takes precedence over unification is the same as the basic philosophy of the Kim Dae-jung Administration's Sunshine Policy - that the establishment of peace should come before unification. Since taking office, President Lee has not softened his hard-line policy toward the North. His remark in New York can be said to signal that such a hard-line stance may be eased. It remains to be seen how Pyongyang will respond to it, but Seoul's hard-line stance on the North seems to be at a turning point. Given this significance carried by President Lee's proposal, it is shocking that the Obama Administration is cool to it. The statements by the State Department Spokesman and the Assistant Secretary of State for East Asian and Pacific Affairs - "This is his policy" and "Actually, I - to be perfectly honest, I was not aware of that" - are what we expect to see between North Korea and the U.S. The ROK Foreign Ministry said that it explained the "grand bargain" to the U.S. Embassy in Seoul, but it does not appear that (this explanation) was delivered to high-ranking officials in Washington. This does not make sense. U.S. Assistant Secretary Campbell noted that even in the ROK-U.S. Foreign Ministers' meeting, which was held before President Lee's speech, the "grand bargain" did not come up. The Foreign Ministry's explanation is all the more confusing.

Due to this confusion, discussions about the validity of the "grand bargain" have been put on the backburner. The proposal has one good point and one bad point. The good point is that the "grand bargain" signifies a U-turn from Seoul's hard-line attitude toward the North.

Recently, two changes happened in North Korea. The one is that the North began feeling the effects of the sanctions imposed by the UN and the U.S. The other is that North Korean leader Kim Jong-il became healthy enough to be back in the saddle. Against this backdrop, Kim called in former U.S. President Bill Clinton to Pyongyang and handed over the detained U.S. journalists to him, released a Hyundai Asan employee and ROK fishermen, and sent a special envoy to the ROK under the pretext of mourning the late President Kim Dae-jung. These are Kim's conciliatory gestures.

The bad point of the "grand bargain" is that considering the complicated nature of the denuclearization process, it is rather unrealistic. Even if Six-Party countries or three parties (the ROK, the North, and the U.S.) or two parties (the U.S. and the North) successfully reach an agreement with North Korea while placing

nuclear abandonment, a security guarantee and economic aid on the negotiation table at the same time, the process of implementing the agreement will have to go through some steps. At every step of the process, Pyongyang could employ stalling tactics, renege on an agreement, be unduly stubborn, or ask for more, as it has done so far.

The February 13 Agreement failed not because it was a step-by-step approach but because it carelessly handled the sensitive issue of verification at a stage between North Korea's nuclear disablement and nuclear dismantlement. If President Lee's "grand bargain" is to mark a decisive milestone in denuclearizing the Korean Peninsula, the U.S. and the ROK should learn a lesson from their failure in implementing the February 13 Agreement and come up with a compromise between the U.S.'s 'package deal' and the ROK's 'grand bargain.' The ROK should also make every effort to persuade the North (to abandon its nuclear ambitions) while restoring inter-Korean relations and giving the North what it is supposed to receive. It is a narrow-minded, impractical political action for Seoul to offer (only) a series of half-baked proposals just in order to take the leadership in resolving the nuclear issue. What matters is denuclearization, not who takes the leadership.

ROK, U.S. OUT OF SYNC ON N. KOREA
(Hankook Ilbo, September 25, 2009, page 39)

After President Lee Myung-bak proposed a grand bargain in a speech

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during his visit to the U.S., it appeared that the ROK and the U.S. were out of sync on this matter. Now both countries are swiftly moving to patch up any differences. Yesterday, they stressed in unison that they have no disagreements and are coordinating closely together. The U.S. State Department had reacted coolly at first; State Department Spokesman Ian Kelly said, "This is his policy," and U.S. Assistant Secretary of State for East Asian and Pacific Affairs Kurt Campbell said, "Actually, I -- to be perfectly honest, I was not aware of that." We believe that the ROK and the U.S. lacked communication or prior coordination.

In fact, the grand bargain and the comprehensive package deal, on which the U.S. has consulted with the Six-Party countries, are not much different. Under the U.S.-envisioned package deal, North Korea will receive political and military security assurances and economic assistance if North Korea implements irreversible denuclearization. This is very similar to President Lee's grand bargain which calls for dismantling the core parts of North Korea's nuclear program while at the same time providing a security guarantee and international economic assistance. The ROK and the U.S. shared the understanding at the June ROK-U.S. summit that North Korea's nuclear issue should be resolved comprehensively. Therefore, it is natural for both countries to espouse similar positions.

However, there are subtle differences. The U.S. package deal requires Pyongyang to seek denuclearization first. Meanwhile, President Lee's grand bargain calls for North Korea's denuclearization while at the same time offering comprehensive aid. This is why the Blue House officials are referring to the grand bargain as a "one-shot deal." It seems that the U.S., which deeply distrusts the North, has a good reason to think that the ROK went too far. The ROKG said that it notified the USG about the (grand bargain) concept through the Charge d' Affaires of the U.S. Embassy in Seoul, but it is doubtful whether the differences in their positions were also conveyed. This is why we are concerned that the ROK failed to communicate with the U.S. properly.

Given its pathological distrust and suspicion of international society, North Korea will not agree to dismantle its nuclear program before receiving comprehensive compensation. The 'grand bargain,' (which calls for the North's denuclearization while at the same offering comprehensive aid,) will be more useful in bringing North Korea back to the negotiating table. However, the 'grand bargain' would end up being merely empty rhetoric unless the Six-Party countries dispel mutual distrust and reconcile different interests among themselves. The ROKG has a long way to go to take a leading

role in resolving the North Korean nuclear issue.

STEPHENS